



February 13, 2026

National Stock Exchange of India Limited,
Compliance Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051,
Maharashtra, India

BSE Limited,
Compliance Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001,
Maharashtra, India

Dear Sir/Madam,

Subject : Transcript of the Earnings Call held with Analysts/Investors on February 09, 2026

Stock Code : BSE – 539787, NSE – HCG

Reference : Regulation 30, Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find attached herewith the Transcript of the Earnings Call held on February 09, 2026, with Analysts/Investors to discuss the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2025.

This is also available on the website of the Company - <https://www.hcgoncology.com/investor-relations/>

Request you to take this on record.

Thanking you,

For HealthCare Global Enterprises Limited

Sunu Manuel
Company Secretary & Compliance Officer

Encl: a/a.



Healthcare Global Enterprises Limited

Q3 & 9M FY26 Earnings Conference Call February 09, 2026

Moderator Ladies and gentlemen, good day, and welcome to the Healthcare Global Enterprises Limited Earnings Conference Call. I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you, and over to you, sir.

Anoop Poojari Thank you. Good afternoon, everyone, and thank you for joining us on Healthcare Global Enterprises' Q3 and 9M FY '26 Earnings Conference Call. We have with us Dr. Manish Mattoo, Executive Director and CEO of the company. We would like to begin the call with opening remarks from Manish, following which we will have the forum open for an interactive question-and-answer session.

Before we start, I would like to point out that some statements made in today's discussion may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. I would now like to invite Manish to make his opening remarks.

Manish Mattoo Thank you, Anoop. Good afternoon, everyone, and thank you for joining us today. I hope you have had a chance to review our Q3 & 9M FY26 results presentation. We are pleased to be engaging with you once again following our recent strategy interaction as we continue to focus on strengthening HCG's core oncology platform and driving consistency across clinical and financial outcomes.

Over more than two decades, HCG has established itself as a focused oncology network with a Pan-India presence, deep clinical expertise and a multidisciplinary model of care. Consistent clinical outcomes supported by technology and tumour-board-led decision-making remains central to how the organization operates.

Building on this foundation, our strategy is centred on creating the most trusted outcome-led oncology platform in India through a single specialty model. Our emphasis remains on optimizing the existing network by deepening clinical programs, improving utilization and mix and strengthening referral and patient engagement.

Growth is expected to be driven primarily through existing centres, supported by brownfield expansion in high potential markets and calibrated greenfield

additions over time. This approach is underpinned by a calibrated capital allocation framework, a sustained focus on patient experience and operating leverage as scale builds across the network.

Before we get into the financials, I want to briefly highlight the clinical capability that underpins HCG's performance and long-term moat. HCG operates a comprehensive cancer care model, and our strength lies in managing high complexity cases at a large scale. In the last quarter, this capability was demonstrated across specialties.

As an example, in radiation oncology, we treated a tumour completely encircling the optic nerve using most advanced version of Cyberknife, which achieved a tumour reduction without any loss of vision, highlighting the precision of our advanced radiosurgery platforms. In medical oncology, we achieved a complete response in a rare BRCA2-positive, HER2-positive PIK3CA mutated breast cancer, which is a subtype that typically responds poorly to treatment. This reflects our depth in molecular oncology and personalized treatment protocols. From a governance and research standpoint, our K. R. Hospital received NABH accreditation for its ethics committee; a highly selective recognition that strengthens our credibility in advanced clinical trials and research-led care.

In surgical oncology, our robotic platforms continue to expand the boundaries of curative care. A 97-year-old patient with advanced colon cancer underwent robotic R0 resection; and in another case a 10-hour robotic prostate surgery involving rectal encroachment also achieved R0 resection. In neuro-oncology, for example, we performed diffusion tensor image-guided awake brain surgeries in critical regions, maximizing tumour removal while preserving neurologic function.

Alongside clinical excellence, we are also focused on sustainable and responsible oncology. We launched a green radiation oncology initiative to reduce energy consumption and carbon footprint and introduce low-dose restorative radiotherapy for inflammatory and degenerative joint conditions, opening up new evidence-based applications of radiation therapy. Importantly, this clinical strength is now being efficiently monetized through our digital engine.

In Q3 FY26, digital revenue grew 26% year-on-year despite a meaningful reduction in paid media spend. Our own channels strengthened materially. The website remained the primary contributor at 67% of the overall digital contribution, while the mobile app scaled 4.5x to contribute 13% to our digital revenues. Campaign efficiency improved sharply with campaign-led revenue growing 38% year-on-year and increasing its share from 20% to 27%.

While traffic declined due to external disruptions in Google Ads, outpatient volumes grew 26% and inpatient volumes grew 37%, clearly indicating higher

conversion, better case mix and superior demand quality. We also reduced aggregator dependence with their share declining from 12% to 9%, improving revenue quality and long-term margins.

Taken together, this reflects a repeatable, system-driven model where clinical excellence creates trust and digital capability converts that trust efficiently into high-quality volumes and dominant market share in core catchments.

Turning now to our Q3 financial and operating performance. Q3 is typically seasonally softer for the health care services industry. Despite this, HCG delivered revenues of INR 633 crore, representing a year-on-year growth of 13.4%. Excluding the fertility business, HCG delivered revenues of INR 618 crore, supported by healthy patient volume growth of 8% year-on-year, underscoring resilient demand for oncology care across the network.

In addition to volume momentum, revenues benefited from improving utilization across centres and a steady mix of complex cases. This demonstrates continued progress in strengthening clinical programs and expanding service depth across hospitals, particularly in larger and more mature clusters.

During our strategy discussion, I had mentioned that our existing network has achieved about 60% of its revenue potential, and there continues to be headroom to grow within these hospitals, which we are seeing in our quarter-on-quarter performance.

Average revenue per patient, including our fertility business during Q3FY26 stood at approximately INR 84,000, marking a year-on-year increase of 5%. ARPP trends were influenced by case mix dynamics and regional payor mix variations alongside the ongoing scale-up of services across the network.

Adjusted EBITDA for Q3FY26 was INR 111 crore, reflecting a 20% year-on-year growth with EBITDA margins expanding to 17.5% from 16.5% during Q3 FY '25. Margin expansion during the quarter was driven by operating leverage as the utilization of the hospitals improved. This was achieved through continued investments in clinical talent, technology and infrastructure, which remain essential to supporting long-term growth. Going forward, margin expansion at HCG is expected to be driven by scale benefits and a gradual improvement in case and payor mix.

From a regional perspective, performance across clusters remained healthy. In the South, the cluster delivered a 9% year-on-year revenue growth, driven by continued momentum at our Bangalore cluster and Vizag, despite temporary disruptions in Andhra Pradesh related to the state-sponsored scheme. These disruptions impacted volumes during the quarter but were resolved within the

quarter and the region is now back on track.

Excluding Andhra Pradesh, the South cluster grew volumes at 11% year-on-year in Q3 FY '26. During this period, the case mix continued to improve, supported by a higher contribution from high-end medical oncology work, including immunotherapy and CAR-T cell therapies, particularly at the Centre of Excellence in Bangalore. In addition, a relatively favourable payor mix with lower exposure to scheme volumes in Andhra Pradesh supported ARPP growth for the cluster.

On the growth front, preparations for launch of our North Bangalore and Whitefield Green projects are progressing well. The North Bangalore facility with a planned capacity of over 120 beds is expected to commence operations by the end of Q4 FY '26, with clinician hiring largely completed. It will be the first in Bangalore to offer MR-LINAC technology, creating a strong clinical and technology-led differentiation.

Additionally, we will also be adding about 20 beds to our existing Centre of Excellence in Bangalore by reconfiguring the specs of the hospital, and we believe this would further add to our profitable growth.

In the West, the cluster delivered strong revenue growth of 17% year-on-year, supported by robust patient inflows across hospitals in Gujarat and Maharashtra.

Performance was led by healthy demand across centres and continued strengthening of our regional footprint. Volume growth during Q3 FY26 stood at 11% year-on-year, driven by the expanded capacity in Ahmedabad, addition of key clinicians and focused sales and marketing initiatives. These factors together supported higher throughput and improved utilization across hospitals, contributing to the overall momentum in the cluster.

Moving to East. The cluster reported a 12% year-on-year revenue growth, driven by strong patient inflows in Cuttack and Ranchi alongside the continued ramp-up of operations in Kolkata. Volume growth during Q3 FY26 stood at 16% year-on-year, supported by sustained demand and expanding reach across catchment areas. ARPP, however, declined by 3% year-on-year, primarily due to transition in the Odisha state government scheme and a case mix change. However, this impact was largely offset by a strong volume growth.

During Q3 FY26, cluster leadership in the East was further strengthened with the appointment of a new regional business head, bringing over three decades of experience in East India markets, which is expected to support execution and performance consistency going forward. I am also happy to announce that in line with our earlier communication of brownfield expansion in existing high-potential centres, we will be adding about 60 beds to our Cuttack Hospital, which is

expected to be operationalized by the end of FY '27.

Overall, the company exited December on a strong footing across clusters with 9M FY '26 revenue at INR 1,893 crore and a year-on-year growth of 16% and adjusted EBITDA of INR 346 crore with a year-on-year growth of 20%. The EBITDA margin for the YTD period is 18.3%, an improvement of 60 basis points versus the same period last year. We expect operating momentum to continue into the March quarter, supporting solid full year performance.

In terms of returns, pre-tax ROCE stood at 13.3% for the 9M FY '26. We expect ROCE to continue to trend higher over time as incremental growth can be achieved with relatively limited capital deployment, enabling returns to improve as fixed costs are absorbed more efficiently. Our focus remains on achieving the full potential of our existing network, disciplined capital allocation and a faster ramp-up of newer centres, which together provide a clear pathway to sustained improvement in returns.

I would like to reiterate that there is sufficient headroom and incremental growth in existing centres to improve ROCE. Also, in the near to medium term, a number of centres will reach threshold size, enabling this margin and ROCE expansion.

From a broader perspective, it is important to emphasize that while quarterly performance can vary with differences in scale, utilization and seasonality, the structural drivers of the business remain firmly intact. Demand for high-quality cancer care continues to grow faster than supply and the resilience we have seen even during a seasonally softer quarter reinforces our confidence in the underlying strength of the business.

To summarize, Q3 FY26 represented a steady financial and operating execution, continued progress across regional clusters and improving scale and clinical depth. We remain focused on scaling responsibly, strengthening clinical leadership and improving operating leverage over time while staying anchored to our core objective of delivering superior outcomes for patients. With that, I will conclude my opening remarks and would request the moderator to open the floor for questions. Thank you.

Moderator

Thank you very much. We will now begin the question-and-answer session.

The first question is from Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

Aliasgar Shakir

Yes, thanks for the opportunity. Hi Manish. Thank you so much for the detail and the explanation of the quarter and outlook. I have three questions. First question is on growth. Now, in the previous call, the analyst call that you did, you had

indicated that you would aim to grow at about 15%+. Now when I break it up, there are three - four levers in which you are exploring growth. Point number one, you mentioned even today that the potential of the existing facility is only 60%. So, there is a lot of scope to grow from here, right?

Second thing is, we have a plan to add about 1,000 beds from, I think, close to about 2,500-2,600 beds. So, cumulatively, if I see the operational bed where we are probably 2,000-odd to the overall bed capacity that we will increase to probably about 3,500 that could be about close to almost over three to four years, a CAGR of approximately high teens growth that we can get from here, plus ARPP growth, as you have mentioned, about 5% - 7%.

So, when I add all of this, I see that there is a potential to grow at probably about 22% - 25% annually for the next three - four years. So, when you are guiding 15%+ growth, is it that we are a bit conservative over here? Or are there any risks in the business because of which you are building lower growth that we are not able to see? If you can just throw some light here.

Manish Mattoo

Thanks for that question. I think our, of course, ambition is obviously to grow higher than what we have committed. But looking at historical trajectory, looking at the competitive intensity, the expansion will not happen at once. I mean, it will be in a phased manner. Looking at the pricing sensitivity around cancer care, we believe a 15%+ growth should definitely be achievable. But of course, we will gun for -- our ambition is -- or aspiration is to do more than that.

Aliasgar Shakir

Got it. So, I am not asking probably from a short term, but from a three-year point of view, certainly growth could be much higher, right? With the capacity addition that we are doing and the potential in our existing facility.

Manish Mattoo

We continue to maintain our guidance of 15%+. But as I said, our aspiration would be to do better than that. But as of now, the guidance stays the same.

Aliasgar Shakir

Got it. Second question on margin. Again, here as well, the room to improve in terms of margin from probably about the mid-high teens that we are, to close to about where the competition is, upward of above 25% is fairly high. So, while I understand that, I mean, there is a lot of existing capacity that we are trying to fill. But would you say that in the long term, probably three to four years, the potential to reach mid-25% is there? Or inherently, do you think that the stand-alone facility would have lesser potential for margin improvement?

Manish Mattoo

So, Ali, as I said earlier also, if you see the trajectory this year, the fact is that we started at 17.5%, are trending at 18.5% for the year so far. And the trajectory will continue to be upwards. So, our aspiration, of course, is to be 23% - 24% plus in the three-to-four-year period, and we are very confident of delivering that.

But comparing exactly like-to-like to multi-specialty, that is one way to look at it. The other way is to see how the trajectory of the margin is, from 17.5% to go up to 24% - 25%, I think is quite steep, which we are gunning for. And I think that trajectory is what I think should be interesting rather than the absolute margin itself. And I have said it in the past also, some of our mature centres are at 26% - 27%, and they have delivered that margin consistently over the last couple of years. And we are sure that eventually, the organization will converge towards that.

Aliasgar Shakir

Understood. This is very clear and very useful. Last question, sir, you have announced Board meeting for Rights Issue. And I am just trying to understand, I mean, our leverage position is very, very comfortable. And the growth plans also that we have, I think, should be very well managed. So, if I do the math, probably about September, we are about INR 680 crore, right, of net debt.

And probably if the kind of growth guidance that we have, we should be landing at a pre-Ind AS EBITDA of upwards of INR 500 crore probably next year, which is, I mean, less than 1.5x of net debt to EBITDA, which should definitely take care of our payments coming up for Vizag next year plus any maintenance capex.

And still leave you with at least INR 200 crore to INR 300 crore of cash available for further growth capex. So, I am just trying to understand what is the reason for this fund raise? And do we have any concrete plans to, I mean, utilize these funds for growth?

Manish Mattoo

So, Ali, we believe that an equity infusion at this stage will strengthen the company's balance sheet and the capital structure. And that is directionally why the rights issue is there. But at this point in time, that is all I can divulge. But very shortly, we will share the specifics after our Board meets.

Aliasgar Shakir

Understood. Thank you so much. Really helpful. I will come back in the queue.

Moderator

The next question is from Nitin Agarwal from DAM Capital. The next question is from Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal

Hi. Thanks for taking my question. Manish, on our growth plans, which are -- I mean, when you think about growth, obviously, apart from when you talked about the brownfield and the greenfield, so which are -- if you can probably just characterize what are the sort of areas in the current units in the current network where you would like to add capacities over the next couple of years? And what kind of characteristically are the newer markets, you probably would want to reach out to in terms of adding up new units?

Manish Mattoo

Yes. Thanks, Nitin, for your question. See, I mean, we are very confident of our

platform, which is the USP of our platform, which is to deliver clinically superior outcomes, treat high complex cancer cases and deliver the best clinical outcomes in the country today as far as cancer care is concerned. And hence, as I said, marrying that with the existing capacity, there is enough headroom for growth in our existing hospitals at our current utilization rates.

So, the growth will happen across the centres, whether it is South, East or West, the major cities being Bangalore, AP, Mumbai, Ahmedabad, Ranchi and Kolkata. Those will be our main drivers for growth. But in addition to that, I mentioned earlier also, there are two very exciting greenfield projects coming up in Bangalore itself, which is our core market and which has done very well in the past, one in North Bangalore and one in Whitefield. Between the two of them, we will be adding about 150 beds.

Now besides that, we are also looking at newer markets. There is a pipeline of cities that we are looking at in the West, which is a growing territory for us. and also, some of them in the South, too, and that was in the investor deck. So, I would say there are 4 - 5 cities too beyond our existing markets where we feel we can grow. And the brownfield expansion, as I said, will happen across our major centres in Ahmedabad, in Bangalore, in Cuttack and in Mumbai as well.

Nitin Agarwal

Okay. And if you can just give us a little bit more update on how the progress has been in the business in the Mumbai and the Kolkata markets, because I think these were two large metros where we have entered relatively recently, and there has been always this question around what could be our competitiveness versus the larger multi-specialty players in the bigger cities?

Manish Mattoo

Mumbai market has done exceptionally well for us. We have grown quite strongly in the whole of last year at high teens. And not just in revenue terms, but in EBITDA terms as well, it is been an exponential growth for us. And we feel Mumbai market will continue to deliver for us in the years to come. So hence, the brownfield expansion in that market is on the cards. In Kolkata, I mean, overall, the East market has done well for us.

Kolkata, we have kind of consolidated our position now. It will need infusion of additional clinical talent because we feel East market, Kolkata being the central and eastern part of the country, has a lot of potential. We made a change in the leadership there, and we are confident that with that change, we should be really able to ramp up our Kolkata business, too.

Nitin Agarwal

And when you look through our network, what proportion of the network, if there is a way to characterize that, I mean, where we are probably significantly below our, what you call optimal EBITDA levels, where there is an opportunity rather to really move up meaningfully. So, what proportion of our revenue would you

characterize would probably fall in that bracket?

Manish Mattoo So, see, both East and South clusters are doing very well for us as far as EBITDA is concerned, some centres are delivering more than 25% - 26% of EBITDA. The West, we have seen a significant ramp-up happen in the last year or so, which continues to be slightly lower than our average EBITDA. But I think with our growth plans, our investment plans in that market, we should be able to ramp it up closer to our average company EBITDA, even exceed that number.

Nitin Agarwal And lastly, on -- once you sort of have taken over the business, while there are these unit level opportunities which are really there, but are there any sort of corporate level -- network level low-hanging fruits that you can target in terms of profitability improvement that you can probably highlight?

Manish Mattoo Yes, of course. So, we have started work on that already. In the last four-five months, we have started work on several value creation initiatives around revenue leakage, reducing revenue leakage, improving conversions. There is work that is being done on procurement optimization, and we have seen that flow into our margin and EBITDA as well.

We are working on enhancing our clinical density. So, these are three-four initiatives which we are driving from the corporate level, and we are already seeing impact of that in our expanded EBITDA margins across clusters. We are also, across our network, we have a large pool of data coming in from patients. We see about 70,000 - 80,000 patients annually that we treat in our network, which is a huge pool of data. We are using that to drive more data analytics and AI, improve our outcomes, and that is another initiative that we are driving besides the ones that I mentioned earlier.

Nitin Agarwal Thank you so much.

Moderator Thank you. The next question is from Devang Patel from Sameeksha Capital. Please go ahead.

Devang Patel Sir, could you delve a bit into what factors led to slower growth in the Southern cluster during Q3FY26? And again, if I heard you correctly, you mentioned excluding AP, the growth was 11%, whereas in first half, the growth was almost 19%. So, would our growth, excluding these one-off factors, be again similar to H1? That is my first question.

Manish Mattoo So, Devang, thank you for that question. As I mentioned, our growth, excluding the normalizing for the AP effect, was 11% year-on-year. Bangalore cluster did really well. The strike did impact our volumes because the Vizag market is a big market for us where we are the dominant players. The strike continued for

twenty- twenty-five days, and it did impact the subsequent month volumes as well because for cancer, that is the kind of nuance we have.

For a YTD basis, you are looking at a growth of 16% volume growth year-on-year, which also had a base effect of MG Hospital Vizag, which we acquired last year. But going forward, we expect the growth that we have mentioned about 8% - 10% definitely happening in the subsequent quarters with Vizag ramping up and Bangalore continuing to do well.

Devang Patel Sorry, I did not understand, what kind of continuing growth we would see in this cluster?

Manish Mattoo So, going forward, volume growth of about 10%, we are expecting from this market in the subsequent quarters. This will further get augmented as North Bangalore gets operationalized at the end of this financial year.

Devang Patel Okay. Understood. My second question was on gross profit margin. In the previous two - three years, it was hovering around 75%. And this quarter or last two - three quarters, it is been trending down and it is at 72% now. Could you explain what is leading to lower gross profit margin?

Manish Mattoo So, Devang, it is largely driven by our case mix change, which is favouring medical oncology. The ramp-up in medical oncology and pharmacy costs has been slightly margin dilutive, but we are working towards increasing our case mix and improving our payor mix, which should offset that in the ensuing quarters. And - but the benefit of medical oncology is that we also draw operating leverage from it, which contributes positively to our EBITDA. And our main focus is obviously to drive EBITDA margins upwards. And there, I feel it is net-net a positive impact.

Devang Patel Okay. Just lastly, I request that with the change in reporting format, we have done away with bed or occupancy-related metric. If you could just help us add that in the presentation to give us a sense of capacity utilization for every quarter.

Manish Mattoo Yes. So, Devang, so as we had mentioned, going forward, we will stick on two metrics, which is largely around volume and ARPP for cancer patients because they have a long-term association or dependence on the hospital. So, the long-term value realization is of more importance to us than the episodic treatment, which gets captured in ARPOB. Hence, we would like to stick to these metrics, and we will continue to report progress on them every quarter.

Devang Patel Fine, sir.

Moderator Thank you. The next question is from Gaurav Tinani from Ambit Capital. Please go ahead.

Gaurav Tinani Hi. Good day. So, first question is, have we seen any impact of the new CGHS norms, excluding treatment of some high-value chemotherapy drugs during Q3 FY26? And secondly, also with the GST cut on a lot of these medications, has that impact also been felt in this quarter on the revenues and EBITDA, please?

Manish Mattoo Yes. Thanks, Gaurav, for the question. So, I would say as far as GST is concerned, there was a marginal impact on the top line as well as margin and we were able to offset that by some initiatives that we took within the organization around pricing and consumption. So that's been offset because of that.

As far as CGHS is concerned, yes, there was some immediate impact, but we have been able to offset that too by changing consumption patterns in our hospitals. And also, the fact that overall, at an overall company level, it does not contribute much to our business for now, it is a neutral impact, so to speak. A lot of work has happened on these two fronts to make it -- make sure that it does not impact us going forward as well.

Gaurav Tinani Got it. Separately, with this strike in Andhra, can you just quantify how many days did that kind of affect the business? And did that also had an adverse impact on the working capital also being stretched at least for Q3 with some receivable days going up and that payment should happen in the next few quarters?

Manish Mattoo So, it did have a material impact on our volumes, because about -- we lost about twenty-twenty five days of working, and that did have an impact on the November volumes as well. But now that growth is coming back to us. I mean, that effect has been normalized. As far as receivables are concerned, in fact, we have got a good flow of money coming in from that segment.

The fact that Q3 had a billing of about INR 25 crore, but we had a net receivable addition benefit of INR 5 crore. So, net-net, there is a positive flow from the government side as far as the receivables are concerned. And Q4 also looks very good from that perspective for us for that market.

Gaurav Tinani Got it. Very encouraging. Last two clarifications. So, I think first one would be, there was a -- within this quarter, there was an announcement of onetime amendment to the founder's contract of INR 2 crore. So, is that onetime impact in the Q3 results? And secondly, it is a resolute margin for this quarter despite these disruptions or transient impacts. Q4 with the new Bangalore Greenfield coming on, would that be a temporary drag that you see in Q4 margins versus Q3?

Manish Mattoo So, to your first question, the impact of that amendment will come in Q4. We have not taken that in Q3. And to your second question, obviously, Q4 is trending better than Q3. And our hope is that it will be the best quarter for us this financial year. But the impact of North Bangalore, we will only be able to see in Q1 coming in

because from the time of operationalizing to the business impact will probably take us a quarter.

Gaurav Tinani Got it. Thank you so much. All the best. I will join back the queue.

Manish Mattoo Thank you, sir.

Moderator Thank you. Next question is from Sumukh from Korman Capital. Please go ahead.

Sumukh Hi. So, my question is on the operating margins and the ROCE sir. So, it is been historically low when I compare it to a multi-specialty hospital. So, is there anything structurally different in cancer care specialty hospital because it is more equipment heavy and you have relatively smaller hospitals, which is leading to lower margins and ROCE's?

Manish Mattoo Yes. So, see, traditionally, if you see historically, many of our Centres of Excellence have done extremely well when it comes to ROCE. They are clocking an ROCE of 28% - 29%, close to 30% also. So, structurally, I do not think there is anything wrong. It is just that 50% of our centres, if you see today they are around eight to ten years old.

And that is why the impact that we will see in the ensuing years as they mature and we see more operating leverage coming in, the ROCE will significantly improve. And we have stated that as well. So, I feel it is not a question of any fundamental issues with the business. It is a question of the maturity of our centres that is impacting the ROCE to this level.

And second point is that with our capex outlay that we have planned now for the next four-five years, after FY '27, the EBITDA growth rate will outpace the capex deployed -- capital deployed growth rate by a good margin, and that will flow directly into ROCE. So, we feel we are confident of delivering the ROCE margins that we have committed in our Investor Day deck of about 20% in the next four to five years.

Sumukh Okay, sir. And this 30% margin, sir, at what maturity would the hospital ideally be achieving this?

Manish Mattoo So, we have seen that when a centre crosses INR 10 crore per month revenue, the ROCE impact improves significantly. And we have seen that trend in the last year as well. So, going forward, as more and more centres mature, I feel from a current 13.5%, we should be progressively moving towards 20% margin at a company level. By maturity, I mean the revenue threshold, not the age of the hospital.

Sumukh Okay. Thank you.

Moderator Thank you. The next question is from Rajat Srivastava from Tata Mutual Fund. Please go ahead.

Rajat Srivastava Thanks for taking my question. Manish, my first question is that what percentage of your revenues is coming from patients who have probably had the first line of treatment or first treatment in some multi-specialty hospitals and for whatever reason, they were not happy with their treatment, so they have come to HCG for that. And I just want to understand how much of your revenues are coming from those patients? Because you claim that probably you are one of the best in cancer care.

Manish Mattoo Yes. Rajat, very interesting question. So, actually, a good chunk of our patients come in after having taken an opinion at a multi-specialty hospital. I can come back to you with the exact figures, but my estimate is around 45% patients come, which is a large chunk. But going forward, we want to kind of focus on the first opinions also strongly because that is a big pipeline that we see growing. While our Centres of Excellence will get the second and third opinions, which is really the moat that we build on. But I think going forward, this will come down a bit, while the overall pie will increase.

Rajat Srivastava All right. And also, what percentage is medical tourism for you? And probably if you can tell us what are you doing to promote that? Because that turns out to be a big thing for Indian health care system.

Manish Mattoo Currently, it is about 3.5%, Rajat, and our endeavour is to take it to about 7% in the next four years. The way that we are thinking about is that there are some traditional markets which have channelled into HCG hospitals. And today, oncology comprises about 25% - 30% of our overall - of the overall medical value travel in the country. So, it is the largest, fastest-growing specialty on MVT on an overall basis, and we feel this segment is going to grow even further. And hence, we are deploying the resources, both people and infrastructure in our major six to seven markets to draw into this growth.

Rajat Srivastava But any reason, Manish, that this number is at 3% right now? Because I think for other hospitals, it is closer to 10% already. So, was it not a focus area for us till now and it is now? Like, can you elaborate on it?

Manish Mattoo So, yes, I mean, for us, domestic has done extremely well, and that was the focus area. But we feel that since oncology, post-COVID particularly, has grown rapidly. And hence, our focus is now on leveraging on this channel as much as possible. And one more factor why we have not done so well is that our centres, except for Bangalore centre are not located in metros, which typically get the bulk of these patients like Delhi and Chennai, for example.

So, with now our expansion in Bombay, for example, and Kolkata expanding its footprint and increasing in size and Bangalore, of course, is our Centre of Excellence, we are confident of increasing this piece of business for the organization.

Rajat Srivastava Great. Manish, if I can squeeze one more. So, you mentioned that your bed centres are operating at 25% - 26% EBITDA margin levels and probably closer to 30% ROCE. Can you tell us what is the number of beds - out of the 2,200 beds which we have currently, how many beds would be operating at that level?

Manish Mattoo So, Rajat, if you can -- I can come back to you with the exact number, but our investor deck has a reference to this, so you may want to check that. Otherwise, we can come back to you with details, more specific details. I do not have that number offhand. The exact number of beds.

Rajat Srivastava Got it. All right. Thanks, Manish and all the best.

Moderator Thank you. The next question is from Aditya Khemka from InCred Asset Management. Please go ahead.

Aditya Khemka Hi, good afternoon. Beyond the two facilities in Bangalore, those are mentioned in the investor presentation, can you share some more granular details on where we should expect the incremental beds to come from?

Manish Mattoo So, Aditya, the incremental beds will come from across the organization, as an example, Vizag; Kolkata; Cuttack, I have mentioned; Ranchi will have some bed expansion; KR Road, which I said Bangalore, our flagship; Ahmedabad; Bhavnagar and Borivali. So, I would say across seven-eight centres, we will see bed expansion varying between 20 - 60 beds.

But the large chunk will come from Bangalore. The largest chunk will come from Bangalore.

Aditya Khemka Right. Over the last 3 years, incremental part of our revenue was from the established centres and the mix was north of 80% - 85%. On our outlook on directional improvement in margins, how do we think about balancing growth and margins going forward? Whether we should be balanced about the fact that there is going to be material growth in new beds, which could impact EBITDA margins going forward?

Manish Mattoo So, going forward, about 80% of our margin growth, in absolute terms is going to come from existing centres. About 10% - 12% is going to come from brownfield expansion in the cities that I mentioned and about 5% - 6% will come from greenfield expansion, which is going to be a very calibrated and prudent approach as far as capital allocation is concerned.

- Aditya Chheda** Got it. Those are my questions. Thank you.
- Moderator** Thank you. Participants who wish to ask questions, may press star and one. The next question is from Aryamaan Pawar from Prudent Investment Managers. Please go ahead.
- Aryamaan Pawar** Yes. Hi, sir. So, you had called out the 15%+ sales growth number. So, can you maybe just break this down into ARPP growth and volume growth? That will be really helpful. And maybe if you could call out future capex for FY '27 and '28, that will be really helpful?
- Manish Mattoo** So, our -- the breakup for the 15%+ is about 10% will come from volume growth and about 5% will come from ARPP growth. For capex this year, our expected closure is about INR 275 crore - INR 280 crore of capex and next year, probably about 10% - 12% higher than that.
- Aryamaan Pawar** Okay. Sure. Thank you.
- Moderator** Thank you very much. That was the last question in queue. I would now like to hand the conference over to the management team for any closing comments.
- Manish Mattoo** Thank you so much. I would thank everybody who participated and asked some very insightful questions. And it was a wonderful interaction and hope that we continue to exchange these insights from time-to-time, not just on these calls and look forward to meeting you again next quarter. Thank you so much. Have a wonderful day. On behalf of team executives, we would like to thank you all. Thank you.

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